

PO Box 97 Bagdad, KY 40003 (502) 747-8942

March 23, 2011

Jeff R. Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RECEIVED

MAR 3 0 2011

PUBLIC SERVICE COMMISSION

RE:

Formal Application to Increase Rates Pursuant to

Purchased Water Adjustment Regulation 807 KAR 5:068

Dear Mr. Derouen

The North Shelby Water Company respectfully requests that the Commission allow for an adjustment to our rates in accordance with 807 KAR 5:068 Purchased Water Adjustment clause.

The Company was recently notified by its supplier, Shelbyville Municipal Water & Sewer Commission, that a \$0.065 per 1000 gallon increase will take effect April 1, 2011. Another supplier, Frankfort Electric & Water Plant Board also notified the Company that it plans to implement a \$0.106 per 1000 gallon increase effective April 1, 2011. The combined result of these increases is \$19,017.80 in additional supply cost for the Company. This translates into \$0.05 per 1000 gallons of water sold to our customers. Therefore, we propose to increase our rates by that amount.

The following supporting documentation is enclosed for your review:

Exhibit A - Purchase Water Rate Adjustment

Exhibit B - Copy of Wholesale Tariffs

Exhibit C - Statement of Water Purchased

Exhibit D - Statement of Water Sold

Exhibit E – Notice to Customers

Exhibit F – Revised Tariff Sheet

The Notice to Customers will be published in accordance with Commission regulations and verification of its publication will be provided to the Commission.

Should you have any questions please contact David Bowles at (502) 839-1310, as he is handling this matter.

Sincerely,

Jerry Ruble, President

JR/jlm

PURCHASED WATER ADJUSTMENT FOR WATER DISTRICTS AND ASSOCIATIONS (807 KAR 5:068)

Name of Utility	North Shelby Water Assoc	North Shelby Water Association		
Date	3/22/2011	3/22/2011		
Address	P.O. Box 97			
City, State, Zip	Bagdad, Kentucky	40003		
Telephone Number	(502) 747-8942			

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

Supplier(s)	Base Rate	Changed Rate
Shelbyville Municipal		
Water & Sewer Commission	\$1.70	\$1.765
Frankfort Electric & Water		
Plant Board	\$1.704	\$1.81
Louisville Water Company	\$1.73	No Change
West Shelby Water District	\$7.54	No Change

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit B
- 2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From	March 2010	through	February 2011	
	(month and year)		(month and year)	

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period			
Shelbyville Municipal Water & Sewer Commission	8,858,600			
Frankfort Electric & Water Plant Board	173,981,000			
Louisville Water Company	277,705,000			
West Shelby Water District	440,050			
TOTAL PURCHASES	460,984,650			
4. Total sales for the 12 month period 405,093,800 5. Increased water cost \$19,017.80				
The increased water cost is the cost difference between rate) and purchases at new rate.	purchases at base (current			
6. Purchased water adjustment factor \$0.05 The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold. Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.				
7. Proposed effective date April 1, 2009				
Lerry Ruble Signature of Utility Officer				
President Title				

Increased Water Cost Calculation:

Shelbyville Municipal Water & Sewer Commission

8,858.6 * \$1.765 = \$15,635.43

8,858.6 * \$1.70 = \$15,059.62

Increased Water Cost = \$575.81

Frankfort Electric & Water Plant Board

173,981 * 1.81 = \$314,905.61

173,981 * 1.704 = \$296,463.62

Increased Water Cost = \$18,441.99

Total Increased Water Cost

\$575.81 + \$18,441.99= \$19,017.80

Purchased Water Adjustment Factor Calculation:

Increased Cost of Water = \$19,017.80

Total Gallons Sold = 405,093,800

\$19,017.80 / 405,093.8= \$0.05 / 1000 Gallons

Shelbyville Municipal Water & Sewer Commission

P.O. Box 608 1059 Washington St. Shelbyville, Ky. 40066 Phone: 502-633-2840 FAX: 502-633-1939

December 27, 2010

Mr. Darrel Dees North Shelby Water Company P.O. Box 97 Bagdad, Ky. 40003

RE: Rate Increase

Dear Mr. Dees:

The Commission has recommended a Rate Increase (this increase will average approximately 3.85% across the board for water & sewer customers) to the Shelbyville City Council. The Council shall hold its first reading on Thursday, January 20, 2011.

The rate increase is planned for our April 1, 2011 billing, which includes water used between mid-February and mid-March, 2011. Normally the Water Districts meters are read on the 19th of each month. Your proposed rate increase is from \$1.70 to \$1.765/1,000 gal, or an increase of 3.82%.

Enclosed is a copy of the proposed rate ordinance to be submitted to the City Council, a copy of the PSC "Form for Filing Rate Schedules", and the formal "NOTICE" as the PSC requires.

This information has been mailed to the PSC.

Sincerely,

Thomas G, Doyle

Manager

NOTICE

The Shelbyville Municipal Water & Sewer Commission ("SMW&SC") has filed a revise/proposed rate schedule to the Shelbyville City Council for a rate increase that will increase the rates charged to Wholesale Water Purchasers as follows:

•	CURRENT RATE \$/1,000 gal	PROPOSED RATE \$/1,000 gal	% INCREASE
North Shelby Water Company	\$1.70	\$1.765	3.82%
West Shelby Water District	\$1.83	\$1.900	3.82%
U.S. 60 Water District of Shelby and Franklin Counties, Kentucky	\$1.70	\$1.765	3.82%

The Shelbyville City Council will hold the First Reading of the proposed Rate Ordinance on Thursday, January 20, 2011.

The Proposed effective date for all rates listed above is with the April 1, 2011 billing, which is for water purchased for the period between mid-February and mid-March 2011, and thereafter, until the next rate change occurs.

The Rates contained in this NOTICE are the rates proposed by the "SMW&SC". However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this NOTICE.

Any corporation, association or person with substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes, request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and any other "SMW&SC" filings by contacting Thomas G. Doyle, Manager, at the utility's Office located at 1059 Washington St., Shelbyville, KY. 40065; telephone 502-633-2840.

Any person may examine the rate application and other "SMW&SC" filings by visiting the utility's office located at 1059 Washington St. Shelbyville, KY. 40065; telephone 502-633-2840, or by contacting the Public Service Commission at 211 Sower Boulevard in Frankfort, KY. 40602, or by telephone 502-564-3940.

5 helbyville Huncipal water of	North Shelby Water Company FOR		
ewer Commission	PSC KY NO		
	SHEET NO		
	CANCELLING PSC KY NO		
(NAME OF UTILITY)	SHEET NO.		
	New Rate Amu		
_ ncreace 1 wholecole Vater Rate	To -> \$ 1.765/1,000		
(From \$ 1.70/1,000 gallows)			
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· · · · · · · · · · · · · · · · · · ·			
DATE OF ISSUE Dec. 27, 2010 MONTH/DATE/YEAR	The water used		
DATE EFFECTIVE APAIL ZOII 13.11.	(Frox Feb. 19th to Merch 19, 2		
ISSUED BY SIGNATURE OF OFFICER	C K+OX		

TITLE Monager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO._____DATED_

EXHIBIT B - 3

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF FRANKFORT) CASE NO. 2010-00485
ELECTRIC AND WATER PLANT BOARD)

ORDER

On November 18, 2010, Frankfort Electric and Water Plant Board ("Plant Board") proposed to adjust its existing rates for wholesale water service to public utilities effective on and after December 19, 2010. On December 17, 2010, the Commission suspended the Plant Board's proposed rate, set up this case to investigate the reasonableness of the proposed rate, and granted intervention to Elkhorn Water District ("Elkhorn"), North Shelby Water Company ("North Shelby"), Peaks Mill Water District ("Peaks Mill"), and U.S. 60 Water District ("U.S. 60 District"). The Order of December 17, 2010 also included a procedural schedule and data request from the Commission. The Plant Board responded to that data request on January 7, 2011.

On January 28, 2011, Commission Staff issued a second data request to the Plant Board. Elkhorn and Peaks Mill issued a joint request for information on the same day. On February 10, 2011, the Plant Board filed a motion to suspend the procedural schedule because the parties had reached a settlement in the matter. The Plant Board indicated that all parties agreed to the suspension. On February 15, 2011, Commission Staff held an informal teleconference, in which the parties informed Staff of the proposed settlement and discussed the procedure for filing the settlement. On February

18, 2011, the parties filed a Joint Settlement Stipulation and Recommendation, a copy of which is attached as an Appendix to this Order.

Having considered the Joint Settlement Stipulation and Recommendation, the Commission finds that the agreed rate and other settlement provisions should be approved. The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure "that any public utility consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The intervenors that purchase water from the Plant Board made clear their objections to the proposed rate adjustment. The Plant Board has apparently addressed the intervenors concerns, and the parties have reached agreement on the appropriate rates for service for future years.

As the Settlement Agreement, on its face, appears neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

- 1. The Plant Board's motion to suspend the procedural schedule is granted.
- 2. The Joint Settlement Stipulation and Recommendation is approved.
- 3. The rates for wholesale water service set forth in the Settlement Agreement are approved for service rendered on and after April 1, 2011.

4. The Plant Board shall, within 20 days of the date of this Order, file tariff sheets that reflect the rates approved herein.

By the Commission

ENTERED A

MAR 1 6 2011

KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Stephon Dell for AM Desour

Case No. 2010-00485

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00485 DATED $~\rm MAR~1~6~20\%$

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 18 2011
PUBLIC SERVICE
COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)		
WATER SERVICE RATES OF THE FRANKFORT)	CASE NO.	2010-00485
ELECTRIC AND WATER PLANT BOARD	Ś		

JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely the applicant,

Frankfort Electric and Water Plant Board ("Frankfort Plant Board" or "FPB"); and the

Intervenors, Elkhorn Water District, Peaks Mill Water District, North Shelby Water Company

and U.S. 60 Water District of Shelby and Franklin Counties, Kentucky ("Intervenors") to express
their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding
which shall hereafter be referred to as the "Stipulation" and/or "Recommendation".

It is understood by all parties hereto that this Recommendation is not binding upon the Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to FPB's rates. The parties have expended considerable efforts to reach the stipulation and agreements that form the basis of this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

The adoption of this Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order. Therefore, the parties stipulate and recommend the following:

1. FPB should be permitted to adjust its rates to recover more in annual revenue than it is recovering under its current rates, with such rates to be effective for service rendered on and after April 1, 2011. The parties agree to phase in rate increases of six (6) percent per year for the next three (3) years beginning with the current rate of \$1.704 per 1,000 gallons. Under this structure, the rates are as follows:

Year 1 (April 1, 2011 – March 31, 2012) - \$1.81 per 1,000 gallons Year 2 (April 1, 2012 – March 31, 2013) - \$1.91 per 1,000 gallons Year 3 (April 1, 2013 – March 31, 2014) - \$2.01 per 1,000 gallons

FPB will not increase the rates charged to the wholesale non-water producers (i.e. water districts) until after March 31, 2014. After March 31, 2014, FPB will continue to charge \$2.01 per 1,000 gallons until it files a revised tariff that is approved by the Commission.

- 2. FPB and North Shelby Water Company and U.S. 60 Water District of Shelby and Franklin Counties, Kentucky will extend their current wholesale contracts with a term sufficient to qualify for Rural Development financing. FPB will negotiate mutually agreeable extensions or new contracts with Peaks Mill and Elkhorn Water Districts.
- 3. Each party waives all cross-examination of the witnesses of the other parties unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record.
- 4. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving FPB or any other utility.

- 5. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to that order.
- 6. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any or all matters involved, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties, nor shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party, the Commission, or its Staff in any such hearing.
- 7. The parties agree that the foregoing Recommendation is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Recommendation in its entirety.

AGREED: This the 18th day of February, 2011.

FRANKFORT ELECTRIC AND WAFER PLANT BOARD

BY:

JAMES W. SMITH, ITS GENERAL MANAGER

ELKHÓRŃ AND PEAKS MILL WATER DISTRICTS

BY: Thomas A. Masslell/by Han fan Ulathichin THOMAS A MARSHALL, ESQ, THEIR ATTORNEY

NORTH SHELBY WATER COMPANY AND U.S. 60 WATER DISTRICT OF SHELBY AND FRANKLIN COUNTIES, KENTUCKY

BY: Donald T. Prather/by Have fine whether the DONALD T. PRATHER, ESQ, THEIR ATTORNEY

STATEMENT OF WATER PURCHASED NORTH SHELBY WATER COMPANY

SHELBYVILLE MUNICIPAL WATER & SEWER COMMISSION

Month	Usage/Gallons	Total Cost
March 2010	373,900	\$635.63
April	543,400	923.78
May	612,400	1,041.08
June	1,112,500	1,891.25
July	1,009,500	1,716.15
August	854,500	1,452.65
September	972,800	1,653.76
October	869,100	1,477.47
November	602,900	1,024.93
December	573,500	974.95
January	640,400	1,088.68
February 2011	693,700	1,179.29
TOTAL	8,858,600	\$15,059.62

LOUISVILLE WATER COMPANY

Month	Usage/Gallons	Total Cost	
March 2010	18,423,000	\$31,872.49	
April	4,833,000	8,455.59	
Мау	35,429,000	61,209.83	
June	17,637,000	30,554.79	
July	23,053,000	39,816.15	
August	28,517,000	49,199.15	
September	24,509,000	42,292.71	
October	29,078,000	50,145.26	
November	29,078,000	50,118.90	
December	24,690,000	42,602.22	
January	19,831,000	34,293.33	
February 2011	22,627,000	39,114.05	
TOTAL	277,705,000	\$479,674.47	

FRANKFORT ELECTRIC & WATER PLANT BOARD

Month	Usage/Gallons	Total Cost
March 2010	13,510,000	\$23,021.04
April	12,680,000	21,606.72
May	11,991,000	20,432.66
June	12,080,000	20,584.32
July	16,760,000	28,559.04
August	17,195,000	29,300.28
September	15,200,000	25,900.80
October	14,635,000	24,938.04
November	16,340,000	27,843.36
December	14,210,000	24,213.84
January	13,345,000	22,739.88
February 2011	16,035,000	27,323.64
TOTAL	173,981,000	\$296,463.62

WEST SHELBY WATER DISTRICT

Month	Usage/Gallons	Total Cost
March 2010	2,100	\$148.06
April	5,400	148.06
Мау	5,700	155.87
June	8,300	155.87
Vluly	7,100	155.87
August	2,630	155.87
September	8,700	155.87
October	84,400	398.80
November	300,400	1,331.83
December	3,700	155.87
January	5,960	155.87
February 2011	5,660	155.87
TOTAL	440,050	\$3,273.71

STATEMENT OF WATER SOLD NORTH SHELBY WATER COMPANY

NORTH SHELBY WATER COMPANY

Month	Residential	Commercial	Other	Total Gallons Sold
March 2010	23,320,100	2,789,500	119,300	26,228,900
April	23,786,200	2,888,200	206,500	26,880,900
May	25,552,500	3,839,600	147,300	29,539,400
June	28,980,700	3,590,500	186,200	32,757,400
July	34,514,000	4,399,100	68,000	38,981,100
August	34,575,700	4,485,500	54,000	39,115,200
September	34,111,700	3,949,800	90,800	38,152,300
October	36,862,200	4,137,600	240,800	41,240,600
November	33,564,900	3,834,300	132,900	37,532,100
December	24,764,600	3,455,300	164,400	28,384,300
January	23,992,500	2,829,900	102,000	26,924,400
February 2011	36,056,900	3,158,100	142,200	39,357,200
TOTAL	360,082,000	43,357,400	1,654,400	405,093,800

LEGAL NOTICE REGARDING THE NORTH SHELBY WATER COMPANY

Notice is hereby given that because of an increase in the cost of water purchased from the Shelbyville Municipal Water & Sewer Commission and the Frankfort Electric & Water Plant Board, the North Shelby Water Company will increase its rates for services rendered on and after April 1, 2011. An application has been filed with the Kentucky Public Service Commission to increase rates as follows:

	Existing Rates	Proposed Rates
5/8" x 3/4" Meters:	#14.07.34' ' D'II	
First 2,000 gallons Next 3,000 gallons	\$14.87 Minimum Bill \$6.05 per 1,000 gallons	\$14.97 Minimum Bill \$6.10 per 1,000 gallons
Next 5,000 gallons	\$4.67 per 1,000 gallons	\$4.72 per 1,000 gallons
Next 40,000 gallons	\$3.98 per 1,000 gallons	\$4.03 per 1,000 gallons
Over 50,000 gallons	\$3.30 per 1,000 gallons	\$3.35 per 1,000 gallons
1" Meters:		
First 5,000 gallons	\$33.02 Minimum Bill	\$33.27 Minimum Bill
Next 5,000 gallons Next 40,000 gallons	\$4.67 per 1,000 gallons	\$4.72 per 1,000 gallons
Over 50,000 gallons	\$3.98 per 1,000 gallons \$3.30 per 1,000 gallons	\$4.03 per 1,000 gallons \$3.35 per 1,000 gallons
Over 30,000 ganons	ψ3.30 per 1,000 gamons	\$3.33 pci 1,000 ganons
1 1/2" Meters:		
First 10,000 gallons	\$56.37 Minimum Bill	\$56.87 Minimum Bill
Next 40,000 gallons	\$3.98 per 1,000 gallons	\$4.03 per 1,000 gallons
Over 50,000 gallons	\$3.30 per 1,000 gallons	\$3.35 per 1,000 gallons
2" Meters:		
First 15,000 gallons	\$76.27 Minimum Bill	\$77.02 Minimum Bill
Next 35,000 gallons	\$3.98 per 1,000 gallons	\$4.03 per 1,000 gallons
Over 50,000 gallons	\$3.30 per 1,000 gallons	\$3.35 per 1,000 gallons
3" Meters:		
First 35,000 gallons	\$155.87 Minimum Bill	\$157.62 Minimum Bill
Next 15,000 gallons	\$3.98 per 1,000 gallons	\$4.03 per 1,000 gallons
Over 50,000 gallons	\$3.30 per 1,000 gallons	\$3.35 per 1,000 gallons

As noted above, based on the increased cost of water from the Shelbyville Municipal Water & Sewer Commission and the Frankfort Electric & Water Plant Board all rates will increase \$0.05 per 1,000 gallons.

The charges/rates contained in this notice are the charges/rates proposed by the North Shelby Water Company. However, the Public Service Commission may order charges/rates to be charged that differ from these proposed charges/rates. Such action may result in charges/rates for consumers other than the charges/rates in this notice.

Any corporation, association, body politic, or person may, by motion within thirty (30) days after publication of this fee change, request leave to intervene; and the motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and related filings by contacting the Water Company office located at 4596 Bagdad Road, KY 40003.

This notice is published pursuant to 807 KAR 5:011-Tariffs.

NORTH SHELBY WATER COMPANY s/Jerry Ruble, President

FOR ALL AREAS SERVED P.S.C. KY. NO. _____ SHEET NO. CANCELLING P.S.C. KY. NO. North Shelby Water Company (Name of Utility) SHEET NO. RATES AND CHARGES MONTHLY RATES: 5/8 x 3/4 Inch Meters: First 2,000 gallons \$14.97 Minimum Bill Next 3,000 gallons \$6.10 per 1,000 gallons Next 5,000 gallons \$4.72 per 1,000 gallons \$4.03 per 1,000 gallons Next 40,000 gallons \$3.35 per 1,000 gallons Over 50,000 gallons 1 Inch Meters: First 5,000 gallons \$33.27 Minimum Bill \$4.72 per 1,000 gallons Next 5,000 gallons Next 40,000 gallons \$4.03 per 1,000 gallons Over 50,000 gallons \$3.35 per 1,000 gallons 1 1/2 Inch Meters: \$56.87 Minimum Bill First 10,000 gallons Next 40,000 gallons \$4.03 per 1,000 gallons Over 50,000 gallons \$3.35 per 1,000 gallons 2 Inch Meters: First 15,000 gallons \$77.02 Minimum Bill Next 35,000 gallons \$4.03 per 1,000 gallons Over 50,000 gallons \$3.35 per 1,000 gallons 3 Inch Meters: First 35,000 gallons \$157.62 Minimum Bill Next 15,000 gallons \$4.03 per 1,000 gallons Over 50,000 gallons \$3.35 per 1,000 gallons DATE OF ISSUE ______ April 1, 2011 Month / Date / Year April 1, 2011 DATE EFFECTIVE Month / Date / Year Very Kuble (Signature of Officer) ISSUED BY Jerry Ruble TITLE President BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____DATED ____